






SAIF's TOP TEN TIPS FOR SENIORS CONSIDERING AN ANNUITY PURCHASE

1. An annuity is a complex financial product. Before you purchase one, make sure you understand how it works and what fees and charges you will pay.
2. Many annuities have surrender charges if you withdraw your money before the maturity date. Surrender charges may apply for many years - as long as fifteen years. Make sure you understand and are comfortable with the surrender charges.
3. Be sure you understand whether the annuity is fixed, variable or indexed. Some annuities are tied to stock market fluctuations and therefore involve a high degree of risk. Make sure you understand the risks before you buy.
4. Beware of claims that annuities are “guaranteed.” Unlike CD’s, annuities are not guaranteed by any government agency. They are only as safe as the insurance company that offers them. Check out the financial strength of the company before you make your purchase.
5. Watch out for introductory or teaser rates that may be significantly higher than the rate of return specified in the contract.
6. If you are considering cashing in one annuity to purchase another, make sure that the benefits outweigh the costs. You may be giving up benefits in the older annuity that will not be available under the new one.
7. Find out the amount of the commission the agent will receive. Beware if the agent evades this question. Annuity commissions are sometimes so high that annuity agents will propose an annuity purchase out of self-interest even when the product is unsuitable for the customer.
8. Be aware that some, but not all, annuities provide a death benefit. Make sure you know what will happen to the proceeds of the annuity upon your death. Compare death benefits if you are considering replacement of one annuity with another.
9. There are many different annuities on the market with widely varying fees, costs and features. Comparison shop before you buy. Make sure you discuss the purchase with someone you trust (financial advisor, attorney, accountant) and are satisfied that it suits your investment needs and risk tolerance.
10. **BEFORE you purchase an Annuity – Call SAIF First!** SAIF can help seniors:
 -  Confirm if the salesperson and company are properly licensed and registered.
 -  Identify possible “red flags” and get information on current scams targeting seniors.
 -  Get the facts before investing and locate other available resources.

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